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Chief Investment Officer's/Chief Operating Investment Officer's Report

Asset Allocation
Performance
California Investments
Disclosure of Closed Session Action Items

TARGET PERCENTAGE COMPARISON ASSET ALLOCATION 1

(A)	(B)	(C)	(D)	(E)
Asset Class	Actual Allocation (%)	Target ² (%)	Target <u>Range</u> ²	Difference (B-C) (%)
Domestic Equity ³ International Equity Global Equity	23.3 <u>28.1</u> 51.5	24.5 <u>24.5</u> 49.0	44-54%	-1.2 <u>3.6</u> 2.5
Domestic Fixed Income International Fixed Income Global Fixed Income	21.9 <u>1.6</u> 23.4	18.0 <u>2.0</u> 20.0	15-25%	3.9 <u>-0.4</u> 3.4
AIM	14.2	14.0	9-19%	0.2
Real Estate	7.2	10.0	5-15%	-2.8
Inflation Linked	3.0	5.0	2-5%	-2.0
Cash Equivalents	0.7	2.0	0-5%	-1.3
Total Fund	100.0	100.0		

¹ As allocated to managers.

² Asset Allocation Targets approved by Investment Committee in June 2009.

³ Included is MDP Investment: LM Capital Investment: Total Market Value = \$245.3 million

^{*} Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

TARGET DOLLAR COMPARISON ASSET ALLOCATION

(A) <u>Asset Class</u>	(B) Actual <u>Allocation</u> (\$ Billion)	(C) <u>Target</u> ¹ (\$ Billion)	(D) Difference (B-C) (\$ Billion)
Domestic Equity ² International Equity Global Equity	48.4 <u>58.3</u> 106.7	50.8 <u>50.8</u> 101.6	-2.4 <u>7.5</u> 5.1
Domestic Fixed Income International Fixed Income Global Fixed Income	45.3 <u>3.2</u> 48.6	37.3 <u>4.1</u> 41.5	8.0 <u>-0.9</u> 7.1
AIM	29.5	29.0	0.4
Real Estate	15.0	20.7	-5.7
Inflation Linked	6.2	10.4	-4.2
Cash Equivalents	1.4	4.1	-2.7
Total Fund	207.3	207.3	

¹ Based upon Strategic Asset Allocation Target Percentage of total fund, approved by Investment Committee June 2009

² Included is MDP Investment: LM Capital Investment: Total Market Value = **\$245.3 million**

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MONTHLY PROGRESS REPORT **ASSET ALLOCATION** ¹

(A)	(B) 6/30/2010	(C) 7/31/2010	(D)	(E)
Asset Class	Actual Allocation (\$ Billion)	Actual Allocation (\$ Billion)	Difference (C-B) (\$ Billion)	Target ² (\$ Billion)
Domestic Equity ³ International Equity Global Equity	46.3 <u>52.7</u> 99.0	48.4 <u>58.3</u> 106.7	2.0 <u>5.6</u> 7.6	50.8 <u>50.8</u> 101.6
Domestic Fixed Income International Fixed Income Global Fixed	45.9 <u>3.1</u> 49.0	45.3 <u>3.2</u> 48.6	-0.6 <u>0.1</u> -0.4	37.3 <u>4.1</u> 41.5
AIM	28.8	29.5	0.6	29.0
Real Estate	14.9	15.0	0.1	20.7
Inflation Linked	4.9	6.2	1.3	10.4
Cash Equivalents	3.3	1.4	-1.9	4.1
Total Fund	200.0	207.3	7.4	207.3

¹ Monthly progress report toward policy targets.

² Based upon Strategic Asset Allocation Target Percentage of total fund, approved by Investment Committee June 2009 Included is MDP Investment: LM Capital Investment: Total Market Value =**\$245.3 million**

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BOOK VS MARKET VALUE

(A)	(B)	(C)	(D) Difference
Asset Class	Book Value ² (\$ Billion)	Market Value ³ (\$ Billion)	<u>(C - B)</u> (\$ Billion)
Domestic Equity ¹ International Equity Global Equity	36.7 <u>58.6</u> 95.2	48.4 <u>58.3</u> 106.7	11.7 <u>-0.3</u> 11.5
Domestic Fixed Income International Fixed Income Global Fixed Income	35.1 <u>3.0</u> 38.2	45.3 <u>3.2</u> 48.6	10.3 <u>0.2</u> 10.3
AIM	31.7	29.5	-2.3
Real Estate	22.3	15.0	-7.3
Inflation Linked	6.3	6.2	-0.1
Cash Equivalents	1.8	1.4	-0.3
Total Fund	<u> 195.5</u>	207.3	<u>11.8</u>

¹ Included is MDP Investment- LM Capital Investment: Total Book Value=**\$231.6 million**, Total Market Value=**\$245.3 million**.

² Total value of assets at cost minus liabilites.

³ Total value of assets at market.

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GROSS PERFORMANCE VS EXPECTED RETURNS

One Year August 1, 2009 to July 31, 2010

(A)	(B)	(C)	(D)	(E)	(F) One
Asset Class	Actual <u>Allocation</u> (%)	Asset <u>Return</u> (%)	CalPERS Long-Term Expected Annual Return ¹ (%)	Expected <u>Standard Deviation</u> (%)	Standard Deviation Range (%)
Domestic Equity International Equity Global Equity	23.3 <u>28.1</u> 51.5	15.4 12.4 13.5	7.00 7.00	15.50 17.50	-8.50 - 22.50 -10.50 - 24.50
Domestic Fixed Income International Fixed Income Global Fixed Income	21.9 <u>1.6</u> 23.4	18.3 8.9 17.3	3.00	6.50	-3.50 - 9.50
AIM	14.2	32.1	10.00	25.00	-15.00 - 35.00
Real Estate	7.2	-35.8	6.00	17.00	-11.00 - 23.00
Inflation Linked	3.0	4.9	4.00	5.75	-1.75 9.75
Cash Equivalents	0.7	0.3	1.25	1.50	-0.25 - 2.75
Total Fund	100.0	10.5	<u>8.46</u>	11.40	-2.94 - 19.86

¹ Investment Committee Meeting December 2007

Note: Equity overlay funds are included in International Equity, currency overlay funds are included in Cash and the Global Equity Cash Account is included in Domestic Equity and the Domestic Fixed Income Transition Account is included in Domestic Fixed Income

^{*} Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

NET PERFORMANCE VS EXPECTED RETURNS

One Year August 1, 2009 to July 31, 2010

(A)	(B)	(C)	(D)	(E)	(F) One
Asset Class	Actual Allocation	Asset <u>Return</u>	CalPERS Long-Term Expected Annual Return ¹	Expected Standard Deviation	Standard Deviation Range
	(%)	(%)	(%)	(%)	(%)
Domestic Equity	23.3	15.3	7.00	15.50	-8.50 - 22.50
International Equity	<u>28.1</u>	12.3	7.00	17.50	-10.50 - 24.50
Global Equity	51.5	13.4			
Domestic Fixed Income	21.9	18.3			
International Fixed Income	<u>1.6</u>	8.8			
Global Fixed Income	23.4	17.3	3.00	6.50	-3.50 - 9.50
AIM	14.2	32.1	10.00	25.00	-15.00 - 35.00
Allvi	14.2	32.1	10.00	25.00	-15.00 - 35.00
Real Estate	7.2	-37.0	6.00	17.00	-11.00 - 23.00
Inflation Linked	3.0	4.4	4.00	5.75	-1.75 9.75
Cash Equivalents	0.7	0.3	1.25	1.50	-0.25 - 2.75
Total Fund	100.0	10.3	8.46	11.40	-2.94 - 19.86

¹ Investment Committee Meeting December 2007

When summing net amounts on this report, there may be breakage.

Note: Equity overlay funds are included in International Equity, currency overlay funds are included in Cash and the Global Equity Cash Account is included in Domestic Equity and the Domestic Fixed Income Transition Account is included in Domestic Fixed Income

^{*} Figures for this report are rounded for viewing purposes. Calculations are based on actual values.

GROSS RETURNS

One Year August 1, 2009 to July 31, 2010

	(A)	(B)	(C)
	Reported		Net Return
Asset Class	Gross Return	Expenses	<u>(A-B)</u>
Domestic Equity	15.38%	0.05%	15.33%
International Equity	12.36%	0.04%	12.32%
Global Equity	13.48%	0.04%	13.44%
Domestic Fixed Income	18.29%	0.00%	18.29%
International Fixed Income	8.88%	0.08%	8.80%
Global Fixed Income	17.33%	0.00%	17.33%
AIM	32.14%	0.01%	32.13%
Real Estate	-35.78%	1.17%	-36.95%
Inflation Linked	4.93%	0.52%	4.41%
Cash Equivalents	0.28%	0.00%	0.28%
Total Fund	10.51%	0.21%	10.30%

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Periods Ending July 31, 2010

CIO SUMMARY REPORT - GROSS

	% of Plan	MKT VAL \$(000's)	1 MO	QTR	FYTD	1 YR	3 YRS	5 YRS	10 YRS
TOTAL DOMESTIC EQUITY	21.2	43,927,074	6.27	-6.55	6.27	15.38	-5.96	0.47	0.26
CALPERS CUSTOM FTSE TMI (BLENDED)			6.94	-7.03	6.94	14.89	-6.29	0.17	-0.18
TOTAL INTL EQUITY	28.1	58,310,866	8.82	-3.43	8.82	12.36	-8.13	4.30	3.32
CALPERS FTSE ALL-WORLD EX US			9.13	-3.53	9.13	10.19	-7.39	4.87	3.44
TOTAL GLOBAL EQUITY EQUITIZATION	2.1	4,437,418	8.29	-5.87	8.29	10.10			
TOTAL GLOBAL EQUITY	51.5	106,675,358	7.72	-4.86	7.72	13.48	-6.97	1.67	1.26
TOTAL GLOBAL EQ EX AIM BENCHMARK			7.84	-4.71	7.84	12.62	-6.27	2.00	1.20
TOTAL DOMESTIC FIXED INCOME	21.3	44,163,117	1.62	4.21	1.62	18.29	9.66	7.38	8.12
CALPERS CUSTOM BC LPF (DAILY)			1.26	5.13	1.26	12.20	9.14	6.57	7.55
TOTAL INTL FIXED INCOME	1.6	3,217,605	4.62	4.26	4.62	8.88	9.35	6.79	7.75
CALPERS WORLD GOVT X US			4.73	4.35	4.73	4.81	8.01	6.14	7.24
TOTAL GLOBAL FIXED INCOME	22.9	47,388,093	1.82	4.16	1.82	17.33	9.67	7.33	8.13
CALPERS TOTAL GBL FIXED INCOME POLICY			1.54	5.07	1.54	11.61	9.10	6.59	7.53
TOTAL AIM COMPOSITE	14.2	29,458,917	0.67	3.80	0.67	32.14	1.16	9.76	4.50
WILSHIRE 2500 + 300 BPS 1 QTR LAG / CYFU			2.34	12.87	2.34	44.43	12.59	14.83	4.93
WILSHIRE 2500 + 300 BPS X TOBCO LAG 1 QTR			2.34	12.87	2.34	44.43	-1.41	6.50	3.43
TOTAL REAL ESTATE	7.2	14,990,907	0.63	-4.32	0.63	-35.78	-24.03	-6.12	4.64
90% NPI+200 BPS/10% FTSE EPRA NAREIT GBL			1.11	1.05	1.11	-4.74	-2.20	5.56	7.83
TOTAL INFLATION LINKED	3.0	6,185,711	2.00	0.00	2.00	4.93			
CPI+400 BPS 1 MONTH LAGGED			0.23	1.14	0.23	5.09			
TOTAL CASH EQUIVALENTS	0.9	1,777,163	0.03	0.08	0.03	0.28	1.86	3.13	3.01
PERS CUSTOM STIF NET OF FEES		.,,	0.02	0.06	0.02	0.25	1.78	3.02	2.78
CURRENCY + ASSET ALLOC TRANSITION	0.4	859,475							
		223, 0							
TOTAL FUND	100.0	207,335,623	4.24	-1.54	4.24	10.51	-4.35	2.58	3.39
CALPERS POLICY INDEX			4.78	1.06	4.78	14.74	0.33	5.02	4.25
ACTUAL WEIGHTED TOTAL FUND INDEX			4.67	0.34	4.67	13.86	-1.23	4.12	3.94

Equity (SH4KA1, SHAKA1, SWJH, SWZLA1); Fixed Income (SJDKA1, SJDCA1, SJEKA1)

AIM (SJAIM); Real Estate 1 QTR Lagged (SJRKA1); Inflation Linked (SX2CA1)

Cash and Currency (SJVKA1,SX1LA1); Total Fund (SJ1CA1)

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Periods Ending July 31, 2010

CIO SUMMARY REPORT - NET

	% of Plan Mi	KT VAL \$(000's)	1 MO	QTR	FYTD	1 YR	3 YRS	5 YRS	10 YRS
TOTAL DOMESTIC EQUITY	21.2	43,927,074	6.26	-6.56	6.26	15.33	-6.02	0.41	0.22
CALPERS CUSTOM FTSE TMI (BLENDED)			6.94	-7.03	6.94	14.89	-6.29	0.17	-0.18
TOTAL INTL EQUITY	28.1	58,310,866	8.81	-3.44	8.81	12.32	-8.18	4.25	3.26
CALPERS FTSE ALL-WORLD EX US			9.13	-3.53	9.13	10.19	-7.39	4.87	3.44
TOTAL GLOBAL EQUITY EQUITIZATION	2.1	4,437,418	8.29	-5.87	8.29	10.10			
TOTAL GLOBAL EQUITY	51.5	106,675,358	7.72	-4.87	7.72	13.44	-7.03	1.62	1.21
TOTAL GLOBAL EQ EX AIM BENCHMARK			7.84	-4.71	7.84	12.62	-6.27	2.00	1.20
TOTAL DOMESTIC FIXED INCOME	21.3	44,163,117	1.62	4.21	1.62	18.29	9.66	7.38	8.11
CALPERS CUSTOM BC LPF (DAILY)			1.26	5.13	1.26	12.20	9.14	6.57	7.55
TOTAL INTL FIXED INCOME	1.6	3,217,605	4.62	4.24	4.62	8.80	9.24	6.70	7.66
CALPERS WORLD GOVT X US			4.73	4.35	4.73	4.81	8.01	6.14	7.24
TOTAL GLOBAL FIXED INCOME	22.9	47,388,093	1.82	4.16	1.82	17.33	9.66	7.32	8.11
CALPERS TOTAL GBL FIXED INCOME POLICY			1.54	5.07	1.54	11.61	9.10	6.59	7.53
TOTAL AIM COMPOSITE	14.2	29,458,917	0.67	3.80	0.67	32.13	1.16	9.75	4.49
WILSHIRE 2500 + 300 BPS 1 QTR LAG / CYFU			2.34	12.87	2.34	44.43	12.59	14.83	4.93
WILSHIRE 2500 + 300 BPS X TOBCO LAG 1 QTR			2.34	12.87	2.34	44.43	-1.41	6.50	3.43
TOTAL REAL ESTATE	7.2	14,990,907	0.63	-4.62	0.63	-36.95	-25.31	-8.55	2.16
90% NPI+200 BPS/10% FTSE EPRA NAREIT GBL			1.11	1.05	1.11	-4.74	-2.20	5.56	7.83
TOTAL INFLATION LINKED	3.0	6,185,711	2.00	-0.11	2.00	4.41			
CPI+400 BPS 1 MONTH LAGGED			0.23	1.14	0.23	5.09			
TOTAL CASH EQUIVALENTS	0.9	1,777,163	0.03	0.08	0.03	0.28	1.86	3.13	3.01
PERS CUSTOM STIF NET OF FEES			0.02	0.06	0.02	0.25	1.78	3.02	2.78
CURRENCY + ASSET ALLOC TRANSITION	0.4	859,475							
TOTAL FUND	100.0	207,335,623	4.24	-1.57	4.24	10.30	-4.53	2.34	3.18
CALPERS POLICY INDEX			4.78	1.06	4.78	14.74	0.33	5.02	4.25
ACTUAL WEIGHTED TOTAL FUND INDEX			4.67	0.34	4.67	13.86	-1.23	4.12	3.94

Equity (SH4KA1, SHAKA1, SWJH, SWZLA1); Fixed Income (SJDKA1, SJDCA1, SJEKA1)

AIM (SJAIM); Real Estate 1 QTR Lagged (SJRKA1); Inflation Linked (SX2CA1)

Cash and Currency (SJVKA1,SX1LA1); Total Fund (SJ1CA1)

CALPERS INVESTMENTS IN CALIFORNIA as of July 31, 2010

(A)	(B)	(C) California Investments plus Additional	(D) California	(E) CA Investment as % of Asset Class	(F)
Asset Class	Value (\$ millions)	Commitments ¹ (\$ millions)	Investments (\$ millions)	(D/B) <u>%</u>	Program Description or Assumption
ASSET Glass	(y mimoris)	(\$ mmons)	<u>(ψ millions)</u>	<u>70</u>	Trogram bescription of Assumption
EQUITY					
Domestic Equity	48,364.5	6,148.4	6,148.4	13	CA investment is approximately 12%
International Equity	<u>58,321.2</u>	<u>0.0</u>	0.0	<u>0</u>	
Global Equity	106,685.7	6,148.4	6,148.4	6 %	
FIXED INCOME					
Domestic Fixed Income	45,345.7	6,576.1	6,576.1	15	
International Fixed Income	3,225.0	<u>0.0</u>	0.0	<u>0</u>	
Global Fixed Income	48,570.7	6,576.1	6,576.1	14 %	
AIM					
AIM	29,458.9	5,225.6	3,210.2	11 %	
REAL ESTATE					
Real Estate	14,990.9	3,770.9	3,061.5	20 %	Outstanding commitments (column C-column D/column B): 4.7%
INFLATION LINKED					
Inflation Linked	6,185.7	80.0	80.0	0 %	
CASH / CASH EQUIVALENTS					
Cash / Cash Equivalents	1,443.7	0.0	0.0	0 %	
TOTAL FUND	207,335.6 =====	21,801.0 =====	19,076.1 =====	9 % ====	Outstanding commitments (column C/column B): 10.5%

¹ Total actual investments at market value and outstanding program commitments in California

Note: Due to reporting constraints, the California Investments in Real Estate are as of May 31, 2010.

Due to reporting constraints, the California Investments in Inflation Linked Assets are as of June 30, 2010.

AIM company investments are as of March 31, 2010 and commitments to partnerships focused on California are as of July 31, 2010

When summing net amounts on this report, there may be breakage.

OPEN SESSION Chief Investment Officer's / Chief Operating Investment Officer's Report DISCLOSURE OF CLOSED SESSION ACTION ITEMS

Investment			
Committee Meeting	Agenda Item	Investment Committee Action	Vote
Closed	Global Equity –	Approved funding of an internally managed environmental	Roll Call Vote:
February 16, 2010	Internally	strategy benchmarked to the HSBC Climate Change	YES – Beatty, Clarey,
_	Managed	Index.	Diehr, Dowell, Feckner,
	Environmental		Jelincic, Jones, Mathur,
	Strategy		McGuire, Moret,
			Oliveira, Shimada